



Patrick W. Henning, Director

November 19, 2009
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Arnold Schwarzenegger
Governor

Ms. Jacqueline Debets, Executive Director
Humboldt County Workforce Investment Board
529 E. Street
Eureka, CA 95501

Dear Ms. Debets:

AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)
SUMMER YOUTH PROGRAM
FINAL MONITORING REPORT
PROGRAM YEAR 2009

This is to inform you of the results of our review for Program Year (PY) 2009 monitoring review of the Humboldt County Workforce Investment Board (HCWIB) ARRA Summer Youth Program (SYP). This review was conducted by Mr. Jim Tremblay from August 17, 2009, through August 20, 2009. Our review consisted of interviews with your staff and a review of the following items: expenditures charged to the ARRA SYP, oversight of your subrecipients, and procurement transactions. In addition, we interviewed service provider staff, SYP participants, and worksite supervisors, and focused on the following areas of your ARRA SYP: eligibility determination, program operations, participant worksites, participant payroll processing, and oversight.

Our review was conducted under the authority of Section 667.410(b)(1), (2) & (3) of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by HCWIB with applicable federal and state laws, regulations, policies, and directives related to the ARRA grant.

We collected the information for this report through interviews with representatives of HCWIB, service provider staff, ARRA SYP worksite supervisors, and ARRA SYP participants. In addition, this report includes the results of our review of sampled case files, HCWIB's response to Section I and II of the ARRA SYP Onsite Monitoring Guide, and a review of applicable policies and procedures for PY 2009.

We received your response to our draft report on November 9, 2009, and reviewed your comments and documentation before finalizing this report. Because your response adequately addressed finding 3 cited in the draft report, no further action is required and we consider the issue resolved. Furthermore, HCWIB's stated corrective action should be sufficient to resolve finding 1 cited in the draft report, and no further action is required. However, this issue will remain open until we verify the implementation of your stated corrective action plan during a future onsite review.

Until then, this finding is assigned Corrective Action Tracking System (CATS) number 10017.

BACKGROUND

The HCWIB allocated all of the \$657,743 ARRA youth allocation to serve 200 SYP participants. As of the week of September 24, 2009, HCWIB expended \$403,757 to serve 233 SYP participants.

ARRA SYP REVIEW RESULTS

While we concluded that, overall, HCWIB is meeting applicable ARRA requirements, we noted instances of noncompliance in the following areas: timesheet edits and signatures; payroll reconciliation, and work permits. The findings that we identified in these areas, our recommendations, and HCWIB's proposed resolution of the findings are specified below.

FINDING 1

Requirement: 29 CFR 97.20(b)(2) states, in part, that subgrantees must maintain records which adequately identify the source and application of funds for financially-assisted activities. Section (b)(6) requires that accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records.

OMB Circular A-87, Attachment B(11)(h)(1) states, in part, that charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payroll documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit.

In addition, Attachment B(11)(h)(5) states, in part, that personnel activity reports or equivalent documentation must reflect an after-the-fact distribution of the actual activity of each employee, they must be prepared at least monthly and must coincide with one or more pay periods, and they must be signed by the employee.

Observation: We found various discrepancies in the completion of participant timesheets. Specifically, we found timesheet edits that were not initialed by the participants on 5 of 23 timesheets. In addition, one timesheet was not signed by the participant and one was not signed by the participant's supervisor. Consequently, it is unclear if the participants were compensated for the appropriate amount of time worked.

Subsequent to the onsite review, HCWIB submitted revised timesheets in an August 28, 2009 email indicating that the timesheet edits were appropriately initialed by the five participants. Furthermore, HCWIB provided copies of two signed timesheets that required the signatures of the participant and the participant's supervisor. As a result, the identified participants were appropriately compensated.

Recommendation: We recommended that HCWIB provide the Compliance Review Office (CRO) a corrective action plan (CAP), including a timeline, to ensure that future youth program timesheets edits are appropriately initialed. We further recommended that the CAP also ensure that all future youth timesheets are appropriately signed by the participant and their supervisor.

HCWIB Response: The HCWIB stated that it has designed and implemented a new timesheet collection and reporting system. The new system was implemented for the October 16-31, 2009 pay period. The new system includes a review of the timecards by the youth's case manager and HCWIB staff. Only after being reviewed and approved for completeness by both the case manager and HCWIB staff, will the time be reported to the Certified Public Accountant (CPA) for a payroll check to be cut. In a November 17, 2009 telephone discussion with Ms. Nicole Morrow of your staff, she informed us that HCWIB's payroll system is used for all work experience activities and the proposed changes would be applied to affect all participant timesheets regardless of the funding source. Furthermore, Ms. Morrow also stated that HCWIB intends to provide technical assistance to all case managers on the new payroll procedures by December 31, 2009.

The HCWIB has also provided case managers a checklist for verifying timecard completeness. The checklist includes signatures by both the youth and their supervisor, and the youth's initials in places where there have been corrections or edits. Ms. Morrow emailed a copy of the checklist to CRO on November 17, 2009.

State Conclusion: The HCWIB's stated corrective action should be sufficient to resolve this issue and no further corrective action is required. However, we cannot close this issue until we verify, during a future onsite visit, HCWIB's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 10017.

FINDING 2

Requirement: 29 CFR 97.20(b)(2) states, in part, that subgrantees must maintain records which adequately identify the source and application of funds for financially-assisted activities. Section (b)(6) requires that accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records.

OMB Circular A-87, Attachment B(11)(h)(5) states, in part, that personnel activity reports or equivalent documentation must reflect an after-the-fact distribution of the actual activity of each employee, they must be prepared at least monthly and must coincide with one or more pay periods, and they must be signed by the employee.

Observation: We found that HCWIB's SYP payroll records did not reconcile with the information contained in three participant's case files. Specifically, we found:

- One participant who was paid at \$8 per hour for the July 16-31, 2009 pay period. However, we found a placement form in the participant's case file indicating that she should have been paid at \$9 per hour.
- One participant was paid for working 13 hours for the June 16-31, 2009 pay period. However, we found an attendance sheet within the participant's case file indicating that he worked 14 hours.
- One participant's case file contained an attendance sheet for the June 16-31, 2009 pay period reflecting that the participant worked 25 hours. However, no check was issued to this participant for this pay period.

Subsequent to the onsite review, via email dated August 28, 2009, HCWIB explained that the first participant should have been paid at \$9 per hour instead of \$8 per hour. The HCWIB provided copies of corrected payroll records reflecting that the participant was paid an additional \$1 for 34 hours of work for the July 16-31, 2009 pay period which amounted to an additional \$34 in wages for the participant.

In the second case, HCWIB explained that the participant was paid correctly for 13 hours because the total hours worked stated on the attendance sheet was incorrectly totaled to 14 hours. A copy of the corrected and initialed timesheet was submitted for review.

In the third case, HCWIB explained that the participant's attendance sheet reflected time spent in the College of the Redwoods Work Readiness class and appropriate documentation was provided to show that the participant was paid a \$200 incentive for attending this training.

We consider this issue resolved.

FINDING 3

Requirement: California Education Code Section 49160 states, in part, that no person, firm or corporation shall employ, suffer, or permit any minor under the age of eighteen to work in or in connection with any establishment or occupation, except as provided in Section 49151, without a permit to employ, issued by the proper educational officers in accordance with law.

California Labor Code Section 1299 states, in part, that every person, or agent or officer thereof, employing minors, either directly or indirectly through third persons, shall keep on file all permits and certificates, either to work or to employ.

Observation: We found that two 17 year old participants had inadequate work permits. Specifically, we found that two Eureka City School (ECS) District participants were issued a Statement of Intent to Employ Minor and Request to Work permit that was signed by local school district officials. The Program Operator was informed by the school district that this would suffice as the official work permit. However, the Statement of Intent to Employ Minor and Request to Work form clearly states on the top of the form that it is not a work permit

Recommendation: We recommended that HCWIB provide to CRO a CAP, including a timeline, to ensure that appropriate work permits are obtained for all future WIA youth program participants.

HCWIB Response: The HCWIB stated that it has corresponded with Ms. Peach Bond, the case manager who worked with the two participants with incomplete work permits, and verified that she is now in possession of the correct forms to complete when requesting a work permit. The HCWIB is confident that both Ms. Bond and the work permit office now understand the process needed to obtain a work permit for the SYP.

State Conclusion: We consider this finding resolved.

Ms. Jacqueline Debets

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November 19, 2009

Due to the short period of time the 2009 SYP is in operation the above corrective actions were requested in the exit conference in order that corrective action can be taken immediately. Thank you for the timely action taken on specific issues identified above. We are providing you up to 10 working days after receipt of this report to submit to the Compliance Review Office your response to this report. Because we faxed a copy of this report to your office on the date indicated above, we request your response no later than December 3, 2009. Please submit your response to the following address:

Compliance Monitoring Section
Compliance Review Office
722 Capitol Mall, MIC 22M
P.O. Box 826880
Sacramento, CA 94280-0001

In addition to mailing your response, you may also FAX it to the Compliance Monitoring Section at (916) 654-6096.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all the areas included in our review. It is HCWIB's responsibility to ensure that its systems, programs, and related activities comply with the ARRA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain HCWIB's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please call (916) 654-1292.

Sincerely,



JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Office

cc: Linda Beattie, MIC 50
Greg Gibson, MIC 50
Jose Luis Marquez, MIC 50
Daniel Patterson, MIC 45